

TABLE IV

Article.	Price (Index Number or percentage ).	Measure of importan ce.	Product.
Cotton Tea	87-5	2	175
Coals	92-9	4	371-6
	102-8	1	102-8
Totals .	283*2	7	649-4
Averages	94-4		92-8 (division by 7)

The preceding process is termed that of "weighting," that is to say, allowing to each commodity its relative influence upon the general result, by multiplying each by a unit which expresses its proportionate importance as a factor in the national consumption. It is evident that the appropriate "unit for multiplying or "weighting" each article is the *quantity* which is used, since, without some adjustment of this nature, a quarfcer of Wheat at 30 <sup>-^</sup>s., a lb. of Tea at *Q*}d., and a ton of Iron at £7J, are treated as possessing an equal importance in consumption. Mr. Sauerbeck accordingly inserts in his yearly Paper upon prices the modified Index Number obtained by the incorporation of quantities. It will be sufficient to specify the results for the years 1906 and 1907—

Year.	Arithmetical mean of the 45 Index Numbers.	Index Numbers formed by the . introduction of quantities.
1906	77	74-2
1907	80	79-5

In deriving the Index Numbers in the third column, he calculates the quantities in the statistics of the United Kingdom at their actual values (the Imports, for example, according to the Board of Trade values), and at the nominal values on the basis of his average prices for 1867-77. The Numbers obtained by the two methods are identical for 1907, but discrepant to the amount of upwards of 3| per cent for the year 1906. The